

COUNTY HOUSE, 2 GREAT KING STREET, DUMFRIES

1. Reason for Report

Members are asked to agree to continue the lease of offices known as County House, 2 Great King Street, Dumfries for a further period of one year.

2. Report Summary

2.1 This report covers the relocation of the merged service known as Environmental Standards to County House.

2.2 It offers a solution to immediate short term accommodation needs of the union Single Status team and Combined Services staff in the Midsteeple.

2.3 It also provides an opportunity to create a 'local services' office in the town centre at Buccleuch Street, Dumfries where members and public alike can contact either the Area Manager or the Group Manager Local Services Nithsdale at a single location.

3. Glossary of Terms

FES	Financial Efficiency Strategy
FM Costs	Facility Management Costs
AMP	Asset Management Planning
CFCR	Capital Funded from Current Revenue

4. Recommendations

Members are asked to:

4.1 agree that the lease of offices at County House, 2 Great King Street, Dumfries will continue until at least February 2008;

4.2 agree to receive a future report if a new lease is required by the landlord should the Council decide to remain in County House after February 2008;

4.3 agree to relocate the consolidated department known as Environmental Standards to County House;

4.4 agree to the various Combined Services staff currently located in High Cemetery Lodge, Eastfield Road and Midsteeple moving to the Municipal Chambers, Buccleuch Street, Dumfries to provide a 'Local Services' office in Dumfries town centre; and

4.5 agree that the revenue implications of £29.7k are funded from the Asset Management Planning budget provision approved by Members on 8 February 2007 and that the one-off costs of £14.5k are netted off the expected capital receipt from the sale of 1 Newall Terrace, Dumfries and Cannonwalls, Kirkcudbright.

5. Corporate Plan Links and Contribution

5.1 The Corporate Plan seeks to make financial management a top priority by closely monitoring spending and taking action to reduce Council Tax increases and achieve value for money. The top corporate risk is the affordability of services and work through the FES contributes to managing that risk and towards the Corporate Plan priority 'to move to a balanced budget'.

5.2 The rationalisation of office property is in line with best value and the FES.

5.3 The proposals are a practical example of Asset Management Planning supporting service delivery with fewer but better assets.

6. Resources/Value for Money Assessment

6.1 FM costs associated with the various properties and the proposed changes are detailed in **Table 1**. It will be seen that overall there is a net expenditure of £29.7k per annum.

FM Costs £k	Environmental Standards	Combined Services	Single Status (union team)	Social Services	Net Savings/ Expenses
1 Newall Terrace, Dumfries ¹	-21.7				-21.7
Cannonwalls, Kirkcudbright ¹	-12.6				-12.6
Municipal Chambers, Dumfries ³	-23.3	+23.3			0
Town Hall, Annan ³	-16.4			+16.4	0
County House, Dumfries ²	+64.0				+64.0
High Cemetery Lodge, Dumfries ⁴					
Eastfield Road, Dumfries ⁴					
Midsteeple, Dumfries ³					
	-10.0	+23.3		+16.4	+29.7

Table 1

Note 1 - Declared surplus and sold on the open market.

Note 2 - Subject to rent review in 2008.

Note 3 - Remains a corporate cost.

Note 4 - Savings already used by combined services to justify the cost of developing Cargen Towers.

6.2 There is also an outstanding maintenance liability on the undernoted which would require to be programmed into and funded from the Corporate Services capital maintenance block should they remain in Council ownership:

- Newall Terrace, Dumfries of approximately £43k
- Cannonwalls, Kirkcudbright of approximately £49k

6.3 The table above makes the assumption that Social Services will move into the space occupied by Environmental Health in Annan Town Hall and will adopt the ongoing charges associated with this accommodation. It also assumes that the Unions will take occupation of High Cemetery Lodge, however at this time it is unclear whether the Unions will adopt the charges associated with this accommodation, hence it has not been included in the calculations above.

6.4 Environmental Standards have identified some initial costs in taking occupation of County House and these are listed below:

Modifications to the remote door entry system	£2k
Removal costs	£8k
Modification to Kirkton Store to provide secure storage	£2k
Creation of a secure storage for pest control substances at Kirkton Store	£2.5k
	£14.5k

Table 2

6.5 Asset Management Committee meeting on 18 January 2007 agreed to recommend to the Finance Sub-Committee that the 2007/08 capital plan should, in principle, reflect the need to provide initial investment of an additional £250k to commence addressing the priorities of the office Estate Management Plan. The request was presented to and agreed by Finance Sub-Committee and became part of the Council's financial strategy approved by Council on 8 February 2007. This provision, and through an accounting adjustment to CFCR, can be used to support the revenue implications of this proposal outlined in Table 1. The one off costs of £14.5k in Table 2 can be funded from the expected receipt from the sale of Newall Terrace, Dumfries and Cannonwalls, Kirkcudbright.

7. Risk Assessment

If the new consolidated service Environmental Standards does not relocate to a central location then management arrangements will be difficult to co-ordinate and ensuing financial savings may suffer.

8. Consultations

8.1 The Corporate Director of Planning and Environment and the Corporate Director of Combined Services have been consulted and are in agreement with the terms of the report.

8.2 The Area Manager Nithsdale has been consulted and has commented as follows:

"strongly support the proposal to locate the identified Combined Services staff and the Nithsdale Local Services Manager to Buccleuch Street. This would not only allow better access for Members and the Public but would strengthen the links and assist in closer working between Area Management and Combined Services at the Local level".

8.3 The Director of Finance has been consulted and his comments have been incorporated in this report.

8.4 The Transport & General Workers Union, Unison and General & Municipal Boilermakers Union have been consulted and note the contents of the report.

9. Background

9.1 The Council currently leases County House on a sub-lease from the Employment Agency. The lease is continuing on a year-to-year basis and can be terminated on the 16 February each year providing 40 days notice has been given. The next opportunity to terminate the lease will be 16 February 2008.

9.2 The Employment Agency leases the property from Dunmore Estate Company until February 2008. After that date it is likely that the owner will wish the Council to agree new lease terms for a longer period.

9.3 Asset Management Committee meeting on 15 August 2006 (amongst other things) agreed:

- to the relocation of Technology Solutions, Property Services and the Pathfinder team (Broadband) to Monreith House;
- to submit a request to Finance Sub-Committee for the necessary revenue funding of:
 - 1st year (to March 2007) £78,661 based on a lease start of September 2006
 - 2nd year (to March 2008) £199,853 approx
 - 3rd year onwards (until rent review in 2011) £253,063

Affordability took into account the contribution to future revenue costs made by terminating the lease of County House.

9.4 Planning and Environment Services Committee meeting on 12 December 2006 considered a report on the 'Review of Environmental Health and Trading Standards' and (amongst other things) endorsed:

- the rebadging of the Environmental Health and Trading Standards merged services to form a new Environmental Standards service;
- the proposed accommodation relocations coupled with increased remote working in the local areas;

The accommodation solution was based upon relocation of the merged service into County House on completion of the relocation of Property Services to Monreith House at the Crichton.

9.5 The Council currently leases accommodation at Eastfield Road, Dumfries for use by Combined Services. This lease is due to end on the 7 April 2007 but is currently on 'tacit relocation'. The Council would need to give 40 days notice to terminate the lease failing which a further years rent would ensue. Working back from the 7 April, then the notice to terminate must be given prior to the 26 February 2007.

10. Key Issues

10.1 Following the Asset Management Committee and the Finance Sub-Committee decisions in August and September to support the relocation of Property Services from County House to Monreith House at the Crichton negotiations were entered into with Ringtrue. Due to difficulties and prevarications between Ringtrue and the Crichton Development Company the lease was not signed until 29 November 2006.

10.2 The programme for Property Services to move to Monreith House was such that it could not be guaranteed that Property Services could be out of County House by the due date of the 16 February 2007 therefore acting in the best interests of the Council no 'notice to quit' was issued prior to the 7 January 2007 as required under the terms of the lease.

10.3 Property Services have now relocated to Monreith House leaving the External Auditor as the sole occupier of County House. Rental payments for County House are 6 monthly in advance with the next payment due in June 2007. The next opportunity to terminate the lease will be on 16 February 2008. The Council would need to give 40 days notice to terminate the lease failing which a further years rent would ensue. Working back from the 16 February then the notice to terminate must be given prior to the 7 January 2008.

10.4 After that date the Council is in a reasonable position to request a new short term let or a longer term, with regular termination clauses. Any new lease agreement will require the agreement of this Committee.

Environmental Standards

10.5 Relocation of the merged service known as Environmental Standards into County House from Annan Town Hall, Buccleuch Street, Dumfries, 1 Newall Terrace, Dumfries and Cannonwalls, Kirkcudbright will free up much needed accommodation in Annan and Dumfries.

10.6 In releasing 1 Newall Terrace and Municipal Chambers (both with a public interface in the town) it is felt necessary to maintain a strong town centre presence and County House offers this opportunity.

10.7 It is also worth noting that Environmental Standards are taking up the challenge set by Asset Management Planning of hot desk and remote working in the proposed move to County House.

Cascade Opportunities

10.8 There is no known need for 1 Newall Terrace, Dumfries and Cannonwalls, Kirkcudbright and therefore these two properties can be declared surplus to requirements. The existing book value of both these properties totals £300k, also it is expected that the capital receipt will be in excess of this sum.

10.9 Relocation of Environmental Health from Municipal Chambers offers an opportunity for rationalisation. Any proposals will need to be consistent with the Office Estate Management Plan.

10.10 Combined Services staff currently located in various properties in and around Dumfries could be relocated to Municipal Chambers to create a 'local services' office in the town centre where Members and public alike can access the Area Manager and the Group Manager Local Services Nithsdale at a single location. The properties involved are:

- **High Cemetery Lodge, Craigs Road, Dumfries:** 5 staff support the Nithsdale burial service and retain records in a safe. There is a safe in Municipal Chambers which together with the close proximity of the Registrars afford close

working affinities and business efficiencies. This property could then be reallocated to the union team working on single status and equal opportunities.

- **Eastfield Road, Dumfries:** 11 staff with various remits - car parking inspections, commercial waste etc. These services have suffered from the loss of a town centre interface which could be regained by moving to Municipal Chambers. Termination of the lease could contribute much needed revenue savings to Combined Services.
- **Midsteepie Offices, Dumfries:** 6 staff attending to selling commercial black bags, accommodating the dog fouling enforcement officer and offering a public interface which would be lost if these staff are not located in the town centre. Relocation will be required by early May 2007 for a period of approximately 18 months due to the recommencement of remedial works. It should be noted that the future use of this building has not yet been decided and space may not be allocated to Combined Services when the building re-opens.

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Background Papers:

Review of Environmental Health & Trading Standards - P&E 12/12/06

Proposed Occupation of Monreith House at the Crichton - AMC 15/08/06